

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

ZURICH FINANCIAL SERVICES,

Defendant.

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: 08 Civ. 10760 (WHP)
: "ECF Case"
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THE CLAIMS ADMINISTRATOR'S ELEVENTH PROGRESS REPORT

The Garden City Group, Inc. ("GCG"), the Court-appointed Claims Administrator, respectfully submits this Progress Report, pursuant to the Court's February 9, 2010 Order (the "Order") authorizing the creation of a Fair Fund and appointing a Claims Administrator in the above-captioned case. Pursuant to Section 5.3 of the Order, the Claims Administrator was required to, and did, submit a progress report within 90 days of its appointment (the "Initial Progress Report," dated May 10, 2010), and is required to submit additional reports within 20 days after the end of every quarter thereafter. This eleventh progress report covers the third quarter of 2012.

**Tasks Performed by the Claims
Administrator Since Its Tenth Progress Report**

Since the tenth progress report, GCG has performed the following tasks in connection with the above-captioned matter:

- GCG maintained and monitored the dedicated P.O. Box for this matter. GCG sorted and processed incoming mail, based on whether it consisted of Proofs of Claim or administrative mail. Since the filing of the last Progress Report, GCG received and processed six (6) claims (*see below*);

- GCG continued to host and monitor the dedicated case website, which is targeted towards the following six countries, Germany, Luxembourg, Netherlands, Switzerland, United Kingdom and the U.S. The website is located at www.ZurichSECsettlement.com. As of September 30, 2012, there were 127 unique visitors to the website;
- GCG continued to host and monitor the dedicated telephone hot-line with its Interactive Voice Response (“IVR”) platform available in four languages (English, French, German, and Dutch.) This hotline is available toll-free in seven countries and may be accessed elsewhere through a toll number. Since the last filed Progress Report, GCG received 117 calls on the hotline from four (4) countries (United States, Germany, French and Dutch), with 61 requested return phone calls. GCG responded promptly to all requests;
- GCG maintained and monitored the dedicated settlement email box for this matter (Questions@ZurichSECsettlement.com). Claimants continue to inquire about how to file a late claim, specific claim status and request the current status of the litigation. Since the last filed Progress Report, GCG received and responded to emails from 23 individuals, some of which required multiple emails and to all of whom GCG responded; and
- GCG has received six (6) additional late claims since GCG’s last filed Progress Report. GCG entered into its database the data relating to these claimants’ personal and transactional information, ran individual loss calculations, and audited the results of each claim. All claims have been rejected pursuant to the Court’s Order Authorizing the Claims Administrator to Distribute the Fair Funds to Eligible Claimants (the “Distribution Order”). Page eight, number four of the Distribution Order states, “the Court approves all properly supported late claims filed on or before July 20, 2012. Any claim received by GCG after July 20, 2012 is barred.”
- GCG has received communication from two (2) institutional filers to withdraw one (1) claim each filed on behalf of their clients. Neither claim would have been eligible to receive payment.
- Since the last filed Report, GCG received a United States Treasury check on August 27, 2012 dated August 23, 2012 made payable to “QSF SEC V. ZURICH FIN SRV DIST FUND” in the amount of \$25,029,103.56. The check was promptly deposited on August 27, 2012. Pursuant to the Distribution Order, GCG filed the Receipt Acknowledging Receipt of Funds and Deposit into Escrow Account on September 6, 2012.
- As authorized by the Distribution Order, GCG was directed to distribute the Available Distribution by mailing checks or wire transferring funds to all Eligible Claimants or their authorized representatives in the amount of the Approved Claims. Accordingly, the distribution began on September 19, 2012. On that date, GCG mailed 1,247 checks in the amount of \$18,928,048.07. GCG completed the distribution the following day by issuing wire transfers on behalf of 128 claimants in the amount of \$4,997,892.68. Pursuant to the

Distribution Order, GCG filed the Report Certifying Initial Distribution to Eligible Claimants and Approved Late Claimants on September 21, 2012.

- After completing the distribution to Eligible Claimants, and in accordance with paragraph 2 of the Distribution Order, GCG transferred to itself \$1,003,162.01 from the Fair Fund on September 21, 2012 for the approved claims administration fees and expenses.
- As directed in the Distribution Order, \$100,000 has been reserved.

Anticipated Next Steps

Following this eleventh progress report, GCG will continue to carry out the terms of the Distribution Plan, including:

- Continuing to submit progress reports pursuant to the Court's February 9, 2010 Order.
- Submit a report by December 28, 2012 in accordance with the Distribution Order stating the amount of funds remaining in the Escrow Account, the number of uncashed checks, and the approximate costs of distributing any remaining funds to aggrieved investors.
- Re-issue checks on a case-by-case basis and use all reasonably commercially available resources to locate all Eligible Claimants whose checks are returned as undeliverable to GCG.
- Performing any other tasks as necessary to administer the Fair Fund.

Location of Fair Fund and Disbursements from Fair Fund During the Quarterly Period

As described above, the proceeds of the Fair Fund in this matter have been deposited into an Escrow Account at Signature Bank under the name of QSF V SEC Zurich Financial Services Distribution Fund on August 27, 2012. Prior to the transfer of funds, a total of \$36,701.07 interest had been earned and deposited into the account on deposit with the Court Registry Investment System ("CRIS") under the case name designation, "SEC v. Zurich Financial Services." Account Number 08-CIV-10760. During the period from July 1, 2012 to September 30, 2012 there were disbursements in the amount of \$23,925,940.75 to Eligible Investors and a

disbursement of \$1,003,162.01 to GCG as payment of claims administration fees and expenses.

The balance of the Escrow Account as of September 30, 2012 was \$7,769,660.32¹.

This report was delivered to the Staff of the SEC, which has advised us that it reviewed it and approves of its submission.

Dated: October 19, 2012

Respectfully submitted,

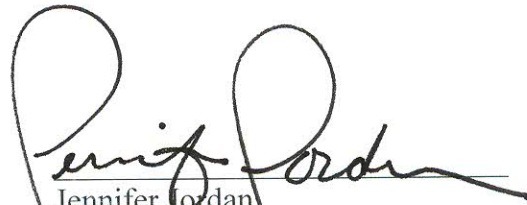
By: _____


Stephen J. Crami
Claims Administrator
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¹ As of September 30, 2012, of the \$23,925,940.75 that was disbursed to Eligible Claimants, there has been \$16,256,281.23 in deposited checks or wire transfers. The balance includes \$100,000 as the Reserve in accordance with the Distribution Order.

CERTIFICATE OF SERVICE

I hereby certify that the foregoing Eleventh Progress Report of the Claims Administrator was filed electronically on October 19, 2012. Notice of this filing will be sent by email to all parties by operation of the Court's electronic filing system. Parties may access this filing through the Court's ECF System.

A handwritten signature in black ink, appearing to read "Jennifer Jordan", is written over a horizontal line.

Jennifer Jordan
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